



## **BILLING CODE 3510-FP**

### **DEPARTMENT OF COMMERCE**

#### **International Trade Administration**

#### **U.S. Renewable Energy Trade Mission Philippines and Thailand**

Manila, Philippines and Bangkok, Thailand, September 17-20, 2012

**AGENCY:** International Trade Administration, Department of Commerce

**ACTION:** Notice

### **MISSION DESCRIPTION**

The United States Department of Commerce International Trade Administration's (ITA) U.S. and Foreign Commercial Service (US&FCS), in conjunction with USFCS staff in Manila and USFCS staff in Bangkok is organizing a Renewable Energy Trade Mission to Manila, Philippines and Bangkok, Thailand, September 17-20, 2012.

The Renewable Energy Trade Mission will offer U.S. companies a timely and cost-effective way to engage with key stakeholders, government officials and potential partners in an effort to enter the promising Philippines and Thailand markets. Target sectors for potential U.S. exports include:

- Biomass/Waste-to-Energy/Biogas
- Geothermal
- Hydropower
- Wind power
- Solar power

Both Thailand and the Philippines rank high on ITA's Renewable Energy Best Prospects Study which identifies those markets with good potential for U.S. exports of renewable energy goods and services. By targeting these markets, the Renewable Energy Trade Mission will not only advance the President's National Export Initiative and his goal of positioning the U.S. as the leading exporter of renewable energy technology, it will also support the ITA Energy Team, and the Renewable Energy and Energy Efficiency Export Initiative's (RE4I) goals by promoting export opportunities for U.S. companies active in the renewable sector. With a focus on connecting U.S. companies with key players and decision makers in the Philippines and Thailand, this mission will provide critical market information and access to help participants establish the necessary public and private sector contacts to thrive. The five-day mission will include meetings with high-level national government officials, one-on-one meetings with potential partners and industry leaders, briefings on the Philippine and Thailand markets, site visits, and additional meetings with members of the Asia Development Bank.

The delegation will be comprised of at least 10 U.S. firms and a maximum of 20, representing a cross-section of U.S. industries that have developed products and services for the renewable energy industry.

## **COMMERCIAL SETTING**

As Thailand imports over half of its energy supply, in order to reduce reliance on foreign energy sources, the Government of Thailand has set a sustainable, renewable energy development plan to increase alternative energy consumption to 25% by 2022. With abundant natural resources, the

Philippines also intends to increase renewable energy (RE) production through the National Renewable Energy (RE) Program to 15,304 MW by the year 2030 from 5,438 MW in 2010. With each country looking to reach its respective renewable energy goals, U.S. suppliers and manufacturers are in an excellent position to capitalize on these growing markets.

### **Philippine Market Breakdown:**

With abundant renewable energy resources, the Philippines is already considered a world leader in renewable energy. One third of its total electric power needs are met through resources such as solar, wind energy, hydro and biomass resources. Total installed capacity of the Philippines' power generating plants is recorded at 15,937 MW

Currently, 26% and 23% of power generation is by coal-fired and oil-based power plants, respectively; however, renewable sources contribute as well, with hydro and geothermal accounting for 21%, and 12% respectively. Wind and solar-based sources are also expected to increase their 1% share as well. The National Renewable Energy Program 2011-2013, launched by the Department of Energy, has plans to increase renewable energy based power capacity to as much as 15,300 MW by 2030 from 5,438 MW in 2010.

### **Market Demand**

According to the World Fact book, energy use per capita was 423.57 KG for 2009 with 39.57% being Energy Imports. The Philippines Renewable Energy Act of 2008 provides the following benefits to developers of renewable energy:

- Seven year income tax holiday.

- Carbon credits generated from renewable energy sources will be free from taxes. A 10% corporate income tax, as against the regular 30%, is also provided once the income tax holiday expires.
- Promoting energy self-sufficiency to 60% by 2010 from 56.6% in 2005, by using resources like solar, wind, hydropower, ocean and biomass energy.
- Renewable energy facilities will also be given a 1.5% realty tax cap on original cost of equipment and facilities to produce renewable energy.
- The bill also prioritizes the purchase, grid connection and transmission of electricity generated by companies from renewable energy sources.
- Power generated from renewable energy sources will be value added tax exempt.
- A net metering scheme will give capable consumers the option to generate their own power. Net metering will allow renewable energy producers to earn from the power they contribute to the grid, and are also charged for electricity drawn from the grid

Hydropower, geothermal, solar, wind and biomass account for nearly 39% of the Philippines' energy requirements. The United States Department of Energy has assessed the country's total wind potential at 76,000 MW (across an 11,000sq km area). Other estimates of renewable energy potential include: 147 MW from hydro applications in Visayas Islands; 4.41GW from geothermal energy; an annual potential average of 5.0-5.1kWh/m<sup>2</sup>/day from solar power, and 1.78GW from mini-hydro plants from 888 sites.

### **Thailand Market Breakdown:**

Thailand has set a sustainable energy plan to address the country's short and long-term supply and demand issues, and to secure Thailand's future energy sufficiency. Renewable Energy makes up 4.7% of Thailand's energy usage. In order to ensure energy security, the Thai government has encouraged the development of alternative and renewable energy. According to the (2012-2021) renewable energy development plan, the Ministry of Energy aims to increase the proportion of alternative energy from 4.7% up to 25 percent of the total energy consumption by 2021. The plan represents 9,208 MW of renewable electricity generation as well. The Thai government anticipates private and public investment over this time period to be U.S. \$14.6 billion. Thailand still relies a great deal on imported technologies and expertise. Areas of opportunities for American companies are mainly biogas, biomass, solar, and waste-to-energy.

### **Market Demand**

After Indonesia, Thailand is the second largest energy consumer in Southeast Asia. Thailand imports over half of its energy supply. Although 81% of energy demand is supplied by natural gas and crude oil, renewable energies and alternative energies will play greater role in power generation for Thailand. To encourage more renewable energy projects, the government has put in place various support schemes. The government initiated the "adder tariff" or a special rate that state utilities pay for power from renewable sources. Renewable energy is regarded as a priority activity by the Board of Investment. Promoted projects will obtain an 8-year corporate income tax holiday and an extra 5 years of 50 percent tax reduction. Projects are also exempted from the import duty for machinery. Low interest loans are also offered for certain projects. The maximum amount granted is 50 million Thai baht (USD \$1.5 million).

## **Best Prospects**

U.S. manufacturers are considered competitive on quality, efficiency and after-sale support, and may want to concentrate their marketing efforts on the larger project developers and owners who have the financial resources to “do the job right.” Below are a few types of equipment where quality and efficiency are important:

- Inverters for solar PV power projects
- Wind turbines and blades
- Gas engines for syngas and biogas
- Small gas turbines for syngas and biogas
- Gas filtration and cleaning equipment for syngas and biogas
- Control and monitoring systems/automation
- Emissions control equipment
- Heat exchangers and heat recovery boilers for cogeneration or tri-generation
- New technologies from the U.S. such as plasma gasification for municipal waste

In addition, opportunities may exist for engineering service providers, particularly for larger-scale solar and other projects where there is not as yet much local experience. Also, there is no local expertise in effectively integrating distributed and small-scale generation of multiple renewable energy generation providers into the overall power system.

## **MISSION GOALS**

The mission will help U.S. companies increase their export potential to the Southeast Asian region by identifying project and sales distribution opportunities in the Philippine and Thailand

renewable energy market. As such, the mission will focus on helping U.S. companies gain market intelligence, create government and business relationships, identify specific projects, and learn about financing tools offered by the Asia Development Bank, as well as have discussions regarding additional financing tools offered by the Export-Import Bank, Overseas Private Investment Corporation, the U.S. Trade & Development Agency as well as the Small Business Administration.

The mission's goals include:

- Facilitating briefings, meetings and exposure to government officials in Thailand and the Philippines, private sector contacts, as well as potential in-country partners;
- Promoting the U.S. renewable energy industry by connecting delegates of U.S. renewable companies with partners, government entities and financing opportunities;
- Helping companies receive valuable exposure to the rapidly growing, and important, renewable energy market in each country; and,
- Assisting U.S. businesses increase their international reach, thus, resulting in a greater capacity to increase jobs at home to keep up with demand, thereby furthering the goals of President Obama's National Export Initiative.

## **MISSION SCENARIO**

Participants will attend country briefings, meet with government officials, have specialized one-on-one meetings with in-country partners, participate in meetings with local utilities, and be briefed on the programs and opportunities with the Asia Development Bank.

The precise agenda will depend upon the availability of local government and private sector officials, as well as on the specific goals and makeup of the mission participants.

## **MISSION TIMETABLE**

### **Monday, September 17, 2012 – Bangkok, Thailand**

#### **Morning**

- Country briefing by U.S. Embassy staff on programs and opportunities in the Thailand renewable energy sector.
- Meetings with Thailand government officials to discuss market potential and opportunities for U.S. companies.
- Briefing and meetings with Thai utility to discuss business opportunities and regulations.

#### **Afternoon**

- Pre-arranged one-on-one meetings with potential partners and government officials to discuss market opportunities.

### **Tuesday, September 18, 2012 – Bangkok, Thailand and Manila, Philippines**

- One-on-one follow up meetings if necessary.
- Depart for Manila, Philippines

### **Wednesday, September 19, 2012 – Manila, Philippines**

- Country briefing by U.S. Embassy staff on programs and opportunities in the Philippine renewable energy sector.

- Meetings with Philippine government officials to discuss market potential and opportunities for U.S. companies.
- Briefing and meetings with officials from the Asia Development Bank to discuss programs for U.S. companies.
- Potential meetings with Philippine utility groups.
- Potential site visit.

**Thursday, September 20, 2012 – Manila, Philippines**

- Pre-arranged one-on-one meetings with potential partners and government officials to discuss market opportunities.
- Potential site visit.

**PARTICIPATION REQUIREMENTS**

All parties interested in participating in the trade mission must complete and submit an application package for consideration by the Department of Commerce. All applicants will be evaluated, on a rolling basis, on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. A minimum of 10 and maximum of 20 companies will be selected to participate in the mission from the applicant pool.

**Fees and Expenses:**

After a company or organization has been selected to participate on the mission, a payment to the Department of Commerce in the form of a participation fee is required. The participation fee for

the Trade Mission will be \$2,130.00 for a small or medium-sized firm (SME)<sup>1</sup>, and \$3,835.00 for large firms. The fee for each additional firm representative (large firm or SME/trade organization) is \$850.00. Expenses for travel, lodging, meals, and incidentals will be the responsibility of each mission participant. Delegation members will be able to take advantage of U.S. Embassy rates for hotel rooms.

### **Exclusions**

The mission fee does not include any personal travel expenses such as lodging, most meals, some local ground transportation and air transportation from the U.S. to the mission sites and return to the United States. Business visas may be required. Government fees and processing expenses to obtain such visas are also not included in the mission costs. However, the U.S. Department of Commerce will provide instructions to each participant on the procedures required to obtain necessary business visas.

### **Conditions for Participation**

An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. If the Department of Commerce receives an incomplete application, the Department may reject the application, request additional information, or take the lack of information into account when evaluating the applications.

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<sup>1</sup> An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see [http://www.sba.gov/services/contracting\\_opportunities/sizestandardstopics/index.html](http://www.sba.gov/services/contracting_opportunities/sizestandardstopics/index.html)). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see <http://www.export.gov/newsletter/march2008/initiatives.html> for additional information).

Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least 51 percent U.S. content of the value of the finished product or service.

### **Selection Criteria for Participation**

- Suitability of the company's products or services to the market.
- Applicant's potential for business in Philippines and Thailand, including likelihood of exports resulting from the mission.
- Consistency of the applicant's goals and objectives with the stated scope of the mission.

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

### **TIMELINE FOR RECRUITMENT AND APPLICATIONS**

Mission recruitment will be conducted in an open and public manner, including publication in the Federal Register, posting on the Commerce Department trade mission calendar (<http://export.gov/trademissions>) and other Internet web sites, press releases to general and trade media, direct mail, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows. Recruitment for the mission will begin immediately and conclude no later than July 13, 2012. The U.S. Department of Commerce will review applications and make selection decisions on a rolling basis beginning

in June 2012. Applications received after July 13, 2012 will be considered only if space and scheduling constraints permit.

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